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SERVICE DATE - JUNE 11, 2003

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34351]

Sierra Railroad Company—Acquisition of Control Exemption—Yolo Shortline Railroad Company

Sierra Railroad Company (SRC) and Yolo Shortline Railroad Company (YSL), Class III rail carriers, have jointly filed a verified notice of exemption for SRC to acquire control of YSL through stock purchase of YSL's parent, Midland Railroad Enterprises Corporation.¹

The transaction is expected to be consummated by June 30, 2003.

SRC and YSL state that: (i) the railroads do not connect; (ii) the transaction is not part of a series of anticipated transactions that would connect these railroads with each other or any railroad in their corporate family; and (iii) the transaction does not involve a Class I carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees.

¹ In addition to this acquisition, the parties plan a corporate reorganization. To obtain necessary Board authorization for this subsequent transaction, on June 3, 2003, the parties filed a notice of exemption under 49 CFR 1180.2(d)(3) in STB Finance Docket No. 34360, Sierra Railroad Company—Corporate Family Merger Exemption—Yolo Shortline Railroad Company.

Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because all of the carriers involved are Class III rail carriers.

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34351, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on: Michael G. Hart, 220 Sierra Avenue, Oakdale, CA 95361 and David Magaw, 341 Industrial Way, Woodland, CA 95776.

Board decisions and notices are available on our website at “WWW.STB.DOT.GOV.”

Decided: June 5, 2003.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary